

Management Agent Workshop

August 15, 2013

Introduction and Purpose

Email Addresses/Contact Information Handout

Maureen Carden

Contact Information



DEVELOPMENT INFORMATION

Development Name		MSHDA #	
AKA/Previous Name		On-Site/Property Mgr	
Property Address		E-Mail Address	
City		Phone	
State		Fax	
Zip		HUD Contract/Project#	

MANAGEMENT AGENT/OWNER INFORMATION



Management Agent		Owner	
Contact/Title		Contact/Title	
Address		Address	
City		City	
State		State	
Zip		Zip	
Phone		Phone	
Fax		Fax	
E-Mail Address		E-Mail Address	
Email Contacts:			
Notes:			



Contact Information

Asset Management Website Address

http://www.michigan.gov/mshda/0,1607,7-141-8002_28177---,00.html

- Link provides access to the current Asset Management Guidelines and forms.

MSHDA's Property Management Admin System

http://www.michigan.gov/mshda/0,1607,7-141-8002_34213---,00.html (click production)

- Link to submit MSHDA Financial data & tenant data over the internet.
- In order to submit data, a Corporate Account must be established.
 - You will receive specific instructions regarding financial submissions once we receive the Corporate Account Setup package (includes 3 forms).

Other Email Addresses to Remember:

- mshdaassetmgt@michigan.gov – E-mail address used for the submission of:
 - Monthly Income and Expense Reports
 - Audited Financials
 - Budgets
- millern@michigan.gov – Nikki Miller:
 - Creates corporate accounts for MSHDA's property management admin system
 - Addresses MSHDA property management admin system questions and written instructions,
 - Manages Asset Management's email contact list.
- cardenmi@michigan.gov – Maureen Carden addresses Premium Management Fee questions.
- ritterl@michigan.gov – Linda Ritter addresses questions regarding:
 - Employee Dishonesty Insurance
- whitmorem@michigan.gov | rayw@michigan.gov – Michele Whitmore and Willa Ray address questions regarding Affirmative Fair Housing Renewal
- witta@michigan.gov – Angie Witt: Addresses policy related questions.
- bursleyp@michigan.gov – Paul Bursley addresses Michigan Housing Locator questions.

1st page Website.png - Windows Picture and Fax Viewer



Asset Management Website (cont.)

2nd page Website.png - Windows Picture and Fax Viewer

[Michigan.gov Home](#) | [MSHDA Home](#) | [Sitemap](#) | [Contacts](#) | [FAQ](#) | [Online Services](#)

Property Managers

- > Compliance for Rental Housing
- > Michigan Housing Locator
- > **Management Agents**
 - Procedures
 - Training
 - Contacts
 - Resources
- > Online Systems
- > Property Improvement for Landlords
- > Related Links
- > Performance Based Contract Administration
- > Contacts

About MSHDA

Archaeology

Cultural Economic Development

Developers and Contractors

Downtown Developers

Historic Preservation

Home Improvement

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Management Agents

The Asset Management Division (AMD) oversees the financial and physical integrity of MSHDA's \$1.5 billion multifamily rental bond financed portfolio, which is comprised of approximately 500 multifamily developments accounting for 52,000 household units.

The AMD is also responsible for the compliance oversight of more than 390 statewide Section 8 contracts accounting for another 29,000 households, under the Department of Housing and Urban Development's Performance Based Contract Administration Program (PBCA).

In addition, the AMD has a Transactions Section that works to protect MSHDA financed assets by reviewing and processing mortgage payoff requests, transfers of ownership, and by utilizing mortgage preservation techniques such as modifications, workouts, or as a last resort mortgage foreclosures.

Procedures

- [Management Agent Forms](#)
- [Management Agent Guidelines](#)

Training

- [MITAS Financial Reporting Checklists](#)

Contacts

- [Asset Management Staff](#) PDF
- [Office of Asset Management Contacts](#)

Resources

- [Recent Management Agent Mailings](#)
- [Directory of MSHDA Financed Developments](#) PDF

Quick Links

- Events & Training
- News Releases
- How to Report Fraud
- MiScorecard Performance Summary
- How to File an ADA Complaint
- Eligible Distressed Areas (2012)
- Combined Application for Rental Housing Programs
- Regulated Plans
- Consumer Privacy Policies and Practices
- CD Technical Assistance

Asset Management Website (cont.)

3rd page Website.png - Windows Picture and Fax Viewer

MSHDA - Management Agent Guidelines

Michigan.gov

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Management Agent Guidelines

Rev Date	Title
Audits	
11/12	Annual Certified Audit Guidelines
Bedbugs	
07/12	HUD Notice H 2012-5 Bedbugs
Budgets	
07/12	Annual Budget Guidelines
07/11	Annual Budget Guidelines - CSH Developments
07/11	Annual Budget Guidelines - MR Developments
Escrows	
08/04	MSHDA Tax & Insurance Escrow Process
11/12	Replacement Reserve Draw Process
04/12	Operating Assurance Escrow Policy
10/11	Development Cost Escrow Accounts Policy
10/12	Asset Management Fee Policy
Insurance Coverage	
08/06	Employee Dishonesty Crime Coverage Policy Memo
12/06	MSHDA Insurance Guidelines
Management Fees	
07/00	Management Fee Policy

Related Content

- Management Agent Forms

MSHDA - Management Agent Guidelines

Michigan.gov

Archaeology

Cultural Economic Development

Developers and Contractors

Downtown Developers

Historic Preservation

Home Improvement

Homeless & Special Housing Needs

Homeownership

Mortgage & Real

Asset Management Website (cont.)

4th page Website.png - Windows Picture and Fax Viewer

MSHDA - Management Agent Guidelines

housing needs
Homeownership
Mortgage & Real Estate Professionals
Nonprofits and Local Governments
Renter Assistance
Southeast Michigan Partners

12/06 [MSHDA Insurance Guidelines](#)

Management Fees

07/09 [Management Fee Policy](#)

01/11 [Premium Management Fee Guidelines](#)

01/13 [Premium Management Fee Application and Certification](#)

01/13 [Premium Management Fee Worksheet](#)

Monthly Income and Expense

01/12 [Monthly Income and Expense Guidelines](#)

11/07 [Monthly Income and Expense Guidelines - CSH development](#)

02/10 [Monthly Income and Expense Guidelines - MR Developments](#)

Section 8 Developments

05/06 [Annual Adjustment Factors Memo \(Section 8 Devs Only\)](#)

If you have questions regarding content on this website contact:

Nikki Miller 517-373-1975 millern@michigan.gov

If you have questions regarding policies of forms contained in this website contact:

Paul Bursley 517-241-4508 bursleyp@michigan.gov

Management Fee Policy

Angie Witt

Management Fee Policy

- Purpose: To compensate management agents for services performed under the MSHDA-approved Management Agreement.
- Calculation of Management Fee: Reviewed annually by applying Consumers Price Index to previous year's management fee.
- Effective Date: First month of new budget year after budget has been approved.
- Violations of Management Fee Policy: Steps taken if disallowed expenses are paid from development's operating account are described in the Management Fee Policy.

Management Fee Policy

- Central Office Employees (COE): Employee who receives a portion of their wages and/or benefits from the management fee. All COE functions must be paid from the management fee except under one condition.

1. COE may be used to temporarily replace an on-site staff person. Pay rate charged can be at the salary rate of the central office employee, even if this rate is higher than the on-site staff person being replaced.

If a temporary replacement period exceeds 3 months, the management agent must notify the assigned Asset Manager and provide the following information:

- Anticipated return date of on-site staff person; and
- Detailed action plan to resolve the temporary replacement situation.

Management Fee Policy

- Costs Paid from Management Fees vs Development's Operating Account: The costs that must be paid from the management fee and the costs that may be paid from the development's operating account are described in the Management Fee Policy.
- NOTE: If you hire a firm to prepare your MIE Reports, the cost of the preparation of the MIE must be paid from the management fee.

Management Agreement Addendums

- ▶ Management Agreement Addendums: Management Agreements automatically renew but Management Agreement Addendums are required to be submitted on an annual basis to approve:
 - The Management Fee; and
 - The Premium Management Fee.
- ▶ The Addendum should be included with the budget package or submitted by December 31.
- ▶ New Management Agreements are required to be submitted every five years with the budget.

Pension Plans

Angie Witt

Pension Plans

- Pension Plans:
 - Pension plans for on-site staff that will be paid from a development's operating account.
 - MSHDA's review is to ensure that all contributions made on behalf of the employees are vested and/or forfeited solely in favor of the employees participating in the Plan.
 - Pension plans that meet our conditions and certification requirements will receive a signed MSHDA Pension Plan Certification.
 - Approved Pension Plans will be added to the List of Management Agents With MSHDA-Approved Pension Plans.

Management Agent/Owner Tracking Process

Maureen Carden

Management Agent/Owner Performance Tracking Process (Open Conditions)

- Purpose: To improve consistency in monitoring management agent and owners' (property) performance.
- Open Conditions: Open conditions are created when a formal correspondence notification is issued regarding the lack of compliance related to one of the tracked factors listed below:

Management Agent/Owner Performance Tracking Process (Open Conditions)

FACTORS

▶ Annual Certified Audits:

- Must be submitted by the due date, and any audit findings must be resolved by the due date;
- Management Agent Letter issues identified as a result of the annual certified audit must be resolved;
- All Pre-Final Closing Audit issues must be resolved; and
- All required payments due by the annual certified audit must be submitted to MSHDA by the due date.

Management Agent/Owner Performance Tracking Process (Open Conditions)

- Budgets – Acceptable and submitted by due date.
- Delinquent Mortgage & Escrow Payments
- Material Default of any Controlling Document
- Outgoing Management Agent Transfer of Records & Financial Statements

Management Agent/Owner Performance Tracking Process (Open Conditions)

The following records must be submitted to a new management agent within 60 days of the owner's management agent termination letter:

- Rent roll, including unit number, resident name, gross rent, security deposit, move-in and lease term dates;
- Cash receipts journal, general ledger & check register;
- Bank statement (operating and security deposits) and Certificates of Deposit;
- Security deposit resident listing/accounts receivables;
- Payroll records;
- Copies of the most recent MIE Report and annual certified audit;
- Copies of all legal, general and/or compliance issue correspondence;
- Vendor contact list;
- Resident files (leases, etc.);
- CNA, if applicable; and
- Copy of Regulatory Agreement.

Management Agent/Owner Performance Tracking Process (Open Conditions)

- AFFECT OF OPEN CONDITIONS: Open conditions affect a management agent's and/or owner's standing with MSHDA and potentially their ability to do business with MSHDA. Therefore, it is important that each open condition is quickly "closed" for an agent and owner to remain in good standing.
- RESULT OF OPEN CONDITIONS: Open conditions will result in the following consequences until the open condition is resolved or a waiver is granted:
 - Escrow draw requests will not be processed;
 - The management and owner's ability to do business with MSHDA will be affected;
 - The owner will be reviewed for default of the Regulatory Agreement and Mortgage Note; and
 - Negative points may be assessed to any LIHTC applications.

Management Agent/Owner Performance Tracking Process (Open Conditions)

- CLOSING OPEN CONDITIONS – Closed when the open condition issues have been resolved to MSHDA's satisfaction. The management agent and owner will be reinstated to a good standing status at that time.
- Identity of Interest Relationship: If there is an Identity of Interest relationship between the owner and the management agent, neither the owner or the management agent will be considered in good standing until all open condition issues have been resolved to MSHDA's satisfaction.

Management Agent/Owner Performance Tracking Process (Open Conditions)

Non-Identity of Interest Relationship: between the owner and the management agent, the management agent may be reinstated to a good standing status if they provide proof that they have done everything possible to meet the open condition requirements. The Director of the Office of Asset Management will determine if the management agent's open condition should be closed based on the information submitted by the management agent. The owner's (property) open condition will remain open until the owner submits the required information.

- The following examples could justify closing an open condition for the management agent while retaining the open condition for the owner:
 - Correspondence from the management agent to the owner requesting cash to pay debt service;
 - An explanation of what the agent has done to assure proper filing of the annual certified audit by the due date.

Premium Management Fee

Maureen Carden

Premium Management Fee (PMF)

- ▶ Provides a monetary incentive to Management Agents for successfully meeting their MSHDA obligations throughout each year.
- ▶ Management Agents who meet the required factors may negotiate a fee with the Owners for a per unit per year fee in addition to the maximum management fee allowed.
- ▶ The Authority applies the consumer pricing index to determine the next year's maximum annual PMF.

▶ MANDATORY FACTORS

- Mortgage Payments
- Material Default
- Delinquent Water/Sewer Bills
- Employee Dishonesty/Crime Coverage
- Annual Certified Audit/Audit Fees
- Real Estate Tax and Property Insurance Escrows
- Payments Due Per Audit

Premium Management Fee (cont.)

- If awarded, the PMF is an operating expense to the development.
 - Payment of the fee is contingent on the development's liquidity position.
 - Final close must have occurred to be eligible for the PMF.
 - PMF can be accrued if funds are not available at the time of approval.
- PRORATED FACTORS
 - Monthly Income & Expense (MIE) Reports
 - Annual Operating Budget
 - Proper expensing of Management Fees
 - Physical Inspection & Inspection Response
 - Tenant File Audit & Response
 - Section 8 Management and Occupancy Reviews (MOR)
 - Section 8 Contract Renewal or Rent Adjustments

Employee Dishonesty Insurance

Linda Ritter

Employee Dishonesty

- This Insurance is required to protect MSHDA's financial interest and help provide development stability in the event of a loss.
- These policies provide coverage for all employees of a development without exception (including Owners) against theft of the collected rent money each month.
- Blanket coverage is acceptable ONLY if the all developments covered by the policy are MSHDA financed.
- The cost of the policy premium is an eligible development expense.
 - If multiple MSHDA financed developments are on a single policy and the premium is used as an eligible expense the expense must be prorated among the covered developments based on the amount of required coverage.
- Binders are not acceptable.
- Blanket coverage must include all owners as loss payees.

Employee Dishonesty (cont.)

- The required amount of coverage is a minimum of \$100,000 or one month's gross rent potential (for Section 8 developments), and two month's gross rent potential for all other MSHDA programs.
- The gross rent potential is determined from the current budget.
- "Per occurrence" policies must maintain these coverage limits.
- If multiple developments are covered, the minimum coverage is the sum of all developments on the policy and the coverage amount for each development must be stated on the policy.
- Additionally, each policy must have a minimum of \$100,000 of forgery coverage. This amount is not development specific, thus a policy with multiple developments only requires a \$100,000 of forgery coverage for the whole policy.
- Each policy must provide MSHDA with a 30-day notice in the event of a policy cancellation.

Employee Dishonesty (cont.)

- Policies must indicate the effective date and ending date of coverage.
- Proof of renewal/continuation of existing coverage must be submitted each year prior to the anniversary date of the policy.
- Notice of increased coverage must be provided to the Authority prior to a rent increase if the increase makes the Insurance coverage insufficient.

Affirmative Fair Housing Marketing Plans

Michele Whitmore

Willa Ray

Affirmative Fair Housing Marketing Plans

AFFIRMATIVE FAIR HOUSING MARKETING PLANS

- Initial Plan (New Development)
- Updated Every Five Years OR
- Management Agent Change

Affirmative Fair Housing Marketing Plans

- ▶ **Initial Plans** must be submitted in narrative form and approved by Donald Rencher of MSHDA's Legal Division.
- ▶ Plans must be updated every 5 years.
- ▶ **Updated Plans** – For existing developments or Management Agent Changes, updates must be submitted on MSHDA's Affirmative Fair Housing Marketing Plan form. Send to **Michele Whitmore** or **Willa Ray** for review and approval. Email addresses; whitmorem@michigan.gov or Rayw@michigan.gov.
- ▶ keep a copy of the current approved Affirmative Fair Housing Marketing (AFHM) Plan on site

Affirmative Fair Housing Marketing Plans

Affirmative Fair Housing Marketing Plan Form:

- Go to: www.michigan.gov/mshda
- Property Managers/Management Agents/Management Agent Forms
- Include e-mail address with paper submission

Affirmative Fair Housing Marketing Plans

MSHDA requires that:

- keep a copy of the current approved Affirmative Fair Housing Marketing (AFHM) Plan on site;
- Owners of MSHDA developments take necessary steps to eliminate discriminatory practices involving MSHDA-financed housing.

Affirmative Fair Housing Marketing Plans



MSHDA AFFIRMATIVE FAIR HOUSING MARKETING PLAN

COMPLETE FORM AND SUBMIT TO: MSHDA, Asset Management Division, Cadillac Place - 3028 W. Grand Blvd. Suite 4-600, Detroit, MI 48202 Attn: Director, Asset Management or submit electronically to rayw@michigan.gov or whitmorem@michigan.gov.

1. INTRODUCTION

The Michigan State Housing Development Authority requires that all MSHDA financed developments maintain a current approved Affirmative Fair Housing Marketing (AFHM) plan on-site. The Affirmative Fair Housing Marketing Plan (AFHM) is required to ensure that owners of MSHDA-financed housing developments are taking necessary steps to eliminate discriminatory practices involving MSHDA-financed housing. If your AFHM plan is five years or older, or if your plan is lost and cannot be found, you will need to revise and re-submit your plan to MSHDA for approval. The revised plan should incorporate current demographics and be reflective of the marketing area as it is today.

Affirmative Fair Housing Marketing Plans

2. APPLICATION AND PROJECT IDENTIFICATION

A. Applicant Name, Address (City, State, & Zip Code) and Telephone Number (including area code)

D. MSHDA Development Number and HAP Contract No. if applicable

Number of Units

E. Rental Range

From \$_____ to \$_____

F. Type of Multifamily Housing:

Elderly

Non-elderly

G. Approximate Starting Dates (mm/dd/yyyy)

☐ Advertising _____

☐ Occupancy _____

B. Development Name, Location/Address (include: City, State, and Zip Code) and Telephone Number (including area code)

H. Name of Managing Agent, Address (include: City, State, and Zip Code) and Telephone Number (including area code)

C. Housing Market Area Boundaries & Census Tract

Affirmative Fair Housing Marketing Plans

Section 2

Please be sure to include:

- Applicant name, address and telephone number
- Development name, address and telephone number (including area code)
- Housing Market Area Boundaries and Census Tract

Affirmative Fair Housing Marketing Plans

SECTION 2 CONTINUED:

DEMOGRAPHICS

- current demographics reflective of today's marketing area
- Census Bureau Website: www.census.gov (reference QuickFacts)

Affirmative Fair Housing Marketing Plans

SECTION 2 CONTINUED:

- MSHDA development number (and HAP Contract Number, if applicable)
- Rental Range from the (current) approved rent schedule
- Approximate Start Dates, generally N/A
- Indicate whether housing is elderly or non-elderly (or both)
- Name, address and telephone number of Managing Agent

Affirmative Fair Housing Marketing Plans

3. TYPE OF AFFIRMATIVE MARKETING PLAN – Check Appropriate Box

☐ New

☐ Updated

☐ Minority

☐ White (non-minority) Area

☐ Mixed Area (with _____% minority residents)

4. DIRECTION OF MARKETING ACTIVITY

Indicate below which group(s) in the housing market area is/are least likely to apply for the housing because of its location and other factors without special outreach efforts taking place.

☐ White (non-Hispanic) ☐ Black (non-Hispanic) ☐ American Indian or Alaskan Native ☐ Hispanic

☐ Families with Children ☐ Asian/Native Hawaiian/Pacific Islander ☐ Other (Please specify) _____

☐ Persons with Disabilities (MSHDA requires all developments to affirmatively market to people with disabilities)

Affirmative Fair Housing Marketing Plans

SECTIONS 3 AND 4 SHOULD INDICATE:

- Whether the plan is “New” or “Updated”
- Current racial composition of the area
- Direction of marketing activity

Affirmative Fair Housing Marketing Plans

5. MARKETING PROGRAM

A. Commercial Media

Check the media to be used to advertise the availability of this housing:

☐ Newspaper(s)/Publications ☐ Radio ☐ TV ☐ Billboard(s) ☐ Website ☐ Other
(specify) _____

Name of Newspaper, Radio or TV Station	Racial/Ethnic Identification of Readers/Audience	Size/Duration of Advertising

B. Brochures, Signs and HUD's Fair Housing Poster

(1) Will brochures, leaflets, or handouts be used to advertise? _____ Yes _____ No. If yes, attach a copy and explain how this printed material will be distributed:

_____.

(2) For project site sign: indicate sign size _____ x _____; Logotype size _____ x _____. Attach a photograph of project sign.

Affirmative Fair Housing Marketing Plans

SECTION 5 PLEASE INDICATE:

- ▶ Types of media used to advertise
- ▶ Brochures, leaflets or handouts used to advertise (INCLUDE A COPY)
- ▶ Size of the project sign (ATTACH A PHOTOGRAPH)
- ▶ Fair housing poster display
- ▶ Fill in all information regarding community contacts (OR ATTACH A SEPARATE SHEET OF PAPER)
- ▶ Attach a copy of correspondence to be mailed to these groups or organizations

Affirmative Fair Housing Marketing Plans

Name of Group/Organization	Group Identification	Approximate Date of Contact or Proposed Contact (mm/dd/yyyy)	Person Contacted or to be Contacted
1.			
2.			
3.			
4.			
6.			
Address & Telephone	Method of Contacts	Indicate the specific function Group/Organization will undertake in implementing the Marketing Program	
1.			
2.			
3.			
4.			
5.			
6.			

Affirmative Fair Housing Marketing Plans

6. Future Marketing Activities

Check the block(s) that best describe future marketing activities to fill vacancies as they occur after the development is initially occupied.

☐ Newspapers/Publications ☐ Radio ☐ TV ☐ Brochures/Leaflets/Handouts

☐ Site Signs ☐ Community Contacts

☐ Others (specify) _____

Affirmative Fair Housing Marketing Plans

- **SECTION 6 - FUTURE MARKETING ACTIVITIES**

- Newspapers/Publications
- Radio
- TV
- Brochures/Leaflets/Handouts
- Site Signs
- Community Contacts
- Internet
- Other

Affirmative Fair Housing Marketing Plans

7. Experience and Staff Instructions (See Instructions)

Staff has experience ☐ Yes ☐ No

On separate sheets, indicate training to be provided to staff on Federal, State and local fair housing laws and regulations, as well as this AFHM Plan. Attach a copy of the instructions to staff regarding fair housing.

Affirmative Fair Housing Marketing Plans

SECTION 7 - EXPERIENCE AND STAFF INSTRUCTIONS

- Staff Training in Federal, State and local Fair Housing Laws
- Training provided on the development's Affirmative Fair Housing Marketing Plan
- Company policy and/or instructions to staff regarding fair housing

Affirmative Fair Housing Marketing Plans

8. AFHM Plan Goals (Attach Additional Sheets to this Form)

Based on the racial/ethnic demographics in your market area, indicate the number of units you expect to rent to the population you identify as least likely to apply for housing at your development. Be sure to provide the same information for persons with disabilities.

Provide a breakdown of the overall marketing budget and that part of the budget that will be used to implement the Plan. Indicate how much money is budgeted for commercial media usage. Indicate who is responsible for completing the outreach program.

Briefly outline in writing the prior experience of the Management Agent in marketing subsidized housing developments, including MSHDA-financed housing, and achieving affirmative marketing goals including persons with disabilities marketing goals and achievements.

Review and Update: By signing this form, the applicant agrees to review its AFHM Plan every 5 years and update as needed to ensure continued compliance with MSHDA's Affirmative Fair Housing Marketing Requirements.

Affirmative Fair Housing Marketing Plans

SECTION 8: AFHM PLAN GOALS AND ATTACHMENTS

- **The number of units you expect to rent to:**
 - The population you identify as least likely to apply for housing at your development
 - Persons with disabilities
- **Marketing Budget**
 - Total budget
 - Fair housing allocation

Affirmative Fair Housing Marketing Plans

SECTION 8: AFHM PLAN GOALS AND ATTACHMENTS (CONTINUED)

- Person and Position responsible for completing the outreach program
- **Prior experience of the management agent in:**
 - Marketing subsidized housing developments
 - Achieving affirmative marketing goals
 - Marketing to persons with disabilities
- Owner/Agent Agreement must submit signed agreement (SEE PAGE 4 OF INSTRUCTION FORM)

[illegible][illegible]

Affirmative Fair Housing Marketing Plans

AGREEMENT

- That a continuous outreach program will be conducted to maintain a well-balanced waiting list that will assure the meeting of the affirmative marketing goal at all times.
- That a housing discrimination disclaimer clause shall be included in any preliminary and/or full application blank. (Pledge not to discriminate against applicants based on their race, sex, age, religion, national origin, familial status, or disability.)
- That the accessibility logo (see bottom of these instructions) will be in all advertisements, if the development has barrier free or accessible units.
- That the MSHDA-approved equal opportunity housing slogan or logo (see bottom of these instructions) will be included in all advertising.
- That a log of community contacts, daily traffic records, and any other record keeping materials be maintained for inspection, and a copy of the AFHM Plan will be kept on-site.
- That all fair housing required signs will be posted in designated locations.
- That the Management Agent has agreed to start Affirmative Fair Housing Marketing efforts with respect to the “target population” at least 120 days prior to anticipated initial occupancy (if applicable).
- That any prospective residential preferences will be identified and made known.

Signed

Date

Affirmative Fair Housing Marketing Plans

SECTION 8 - SIGNATURE

Signature of person submitting Plan & Date of Submission:

Dated: _____

Name (type or print)

Title & Name of Company

Affirmative Fair Housing Marketing Plans

FINALLY, MAKE SURE THAT YOU SIGN AND DATE THE PLAN



Affirmative Fair Housing Marketing Plans

CONTACT INFORMATION

Michele Whitmore

313.456.3585

Whitmorem@michigan.gov

Willa Ray

313.456.3583

Rayw@michigan.gov

END

Incident Notification to MSHDA

Deb Andrew

Incident Notification to MSHDA

- Management Agents are required to notify MSHDA of anything that happens at a development that is of serious or unusual nature.
- As the mortgagee and a party to the development's property and liability insurance reimbursements, notify MSHDA of:
 - ❑ Any serious property damage;
 - ❑ To allow inspection of before and after repairs are complete;
 - ❑ Intent is to ensure that design and quality of building components are equal to or better than the component installed as part of the original mortgage.
- As a regulatory agency, MSHDA must answer questions from the public; the press, the legislature and other government officials regarding the operation of MSHDA financed developments.
 - ❑ Someone from your staff is expected to notify the assigned asset manager without delay if anything adversely affects the physical well being of the property.

Incident Notification to MSHDA (cont.)

- Examples include but are not limited:
 - ❑ Fires;
 - ❑ Floods;
 - ❑ Weather damage; and
 - ❑ Failure of major systems or components or significant damage from other causes.
- Notice should be given when anything significantly disturbs, or has the potential to disturb the well being of residents or development staff. Examples include but are not limited:
 - ❑ Violence;
 - ❑ Threats to health or safety; and
 - ❑ Disturbances in the community.

Incident Notification to MSHDA (cont.)

- Finally, your assigned asset manager should be informed of anything that threatens the development's finances, operations or reputation. Some examples include:
 - ☐ Significant lawsuits;
 - ☐ Large-scale criminal arrests;
 - ☐ Anything else that brings negative attention from the media, neighbors, police or any other government entity; and
 - ☐ If you think MSHDA is likely to receive inquiries about the development, please contact your asset manager.

Site Visits, Escrow Draws & Identity of Interest

Deb Andrew

Site Visits

- ▶ A Development Review Report (DRR) is done annually for each non-Section 8 development
- ▶ The Asset Manager will either complete the report during a site visit or they will contact you via e-mail or phone to ask the questions they cannot answer from looking at the current budget, audit and MIE's. All sites will be visited at a minimum every three (3) years.
- ▶ Site visits conducted by the Asset Manager to complete the DRR should not be confused with file audits or physical inspections
- ▶ Residents do not need to be notified of a site visit. Asset Managers will take a look at the grounds, common areas and VACANT units. If for some reason the Asset Manager needs to enter occupied unit(s) they will notify you in advance.

Site Visits (cont.)

- During a site visit the Asset Manager will be gathering information about the OPERATIONS of the development. They will discuss accounts payable, accounts receivable, operating procedures, vacancy, income & expenses, etc.
- The Asset Manager will generally schedule site visits with the Property Manager. The Property Manager as well as the site manager are expected to attend. It is also helpful for maintenance personnel to be available for questions.
- The assigned Asset Manager should be able to answer any questions about the DRR and/or site visits.

Escrow Draws

- We process escrow draws from the original request received via U.S. mail. We only process requests from e-mails in emergency situations.

Replacement Reserve Draws

- All Replacement Reserve Draws must have a cover letter stating the Development Name and MSHDA number as well as the amount requested (an example can be found in the Replacement Reserve Policy – Attachment A). All draw requests must total a minimum of \$1,000.
- The Replacement Reserve Worksheet (Form 503B in the Replacement Reserve Policy) please read this worksheet carefully and make sure it is completed correctly. The worksheet should be completed and submitted with the draw requests.
- Copies of the C.N.A. pages that correspond to items submitted for reimbursement should be attached to the draw. Corresponding lines should be highlighted or clearly marked.

Escrow Draws (cont.)

RR Draws (continued)

- ▶ Replacement Reserve Draws should also have a summary sheet listing each invoice. The summary sheet that should be used is Form 503E.
- ▶ All invoices must be submitted within one year for reimbursement. Anything older than one year will not be reimbursed.
- ▶ Copies of invoices should be attached and in the same order as listed on the summary sheet.
- ▶ Please Note: Pre-approval is required for any single item expenditure that is over \$10,000. It is required that three bids be submitted to MSHDA for review. When the pre-approval request is submitted please state which vendor you would like to use and why. The Pre-approval form to be used is Form 503C.
- ▶ If draws are submitted and are not done correctly, the asset manager can return the entire draw for correction(s) and resubmission.
- ▶ The Replacement Reserve Policy includes a lot of helpful information including: a list of eligible items; a list of ineligible items; the pre-approval process, etc, it can be found on our website: http://www.michigan.gov/mshda/0,4641,7-141-8002_47708-177124--,00.html

Draws (cont.)

Operating Assurance Escrow (OAE) Draws

- All Operating Assurance Draws must have a cover letter stating the Development Name and MSHDA number as well as the amount requested and what it will be used for, i.e. to catch up past due payables.
- In order to process an Operating Assurance Draw, WRITTEN APPROVAL FROM THE OWNER MUST BE ATTACHED (an e-mail from the owner to the agent is fine). Without written ownership approval, the draw will not be processed.
- Include all back-up documentation that relates to the draw request. For example: If a draw is to catch up past due payables, please include a current list of accounts payable.

Operating Reserve Cash (ORC) Draws

- All Operating Reserve Cash Draws must have a cover letter stating the Development Name and MSHDA number as well as the amount requested and what it will be used for. Include all back-up documentation that relates to the draw request. For examples: If a draw is to catch up past due payables, please include a current list of accounts payable.
- Include all back-up documentation that relates to the draw request. For example: If a draw is to catch up past due payables, please include a current list of accounts payable.

Identity of Interest Information

- Identify of Interest definition:
 - ✓ Any contractual relationship between either an owner or management agent and a vendor described in subrule (2) of the Legislative Rule. This relationship includes owners, officers, directors, stockholders, partners and joint venture's. Family members of the aforementioned parties are also included in this definition.
- Identify of Interest disclosures are to be submitted with the budget packages. Once an Identity of Interest is disclosed, new disclosures will be due once every four years unless the vendor supplies goods or services beyond the goods and services previously approved by the authority or the contract price increases beyond the prices previously approved by the authority.
- Bids will be required from 3 vendors to show the proposed price is reasonable.

Budgets

Angie Witt

Budget Information

Annual budgets are a projection of the year's anticipated income and expenses.

- First Budget Due:

- Year after cutoff occurred.
- If cut-off date occurs after September in a year, a feasibility budget may be used for the first year of operation, but MSHDA recommends quickly completing the Asset Management budget process to improve accuracy in reconciling with MIE submissions.

- Annual Budget Due Dates:

- October 1: Section 236 developments, including Section 236 Decoupled developments;
- November 1: All other developments.

Budget Information (cont.)

- ▶ Budget packages must be received by due date:

- a) The Agent Budget Template (MSHDA Mgmt forms 450A - 450D and 451A - 451D3, if applicable) must be e-mailed to:
MSHDAassetmgt@michigan.gov);

The subject line must read “Budget-year, Development Name, MSHDA #”.

(Example: Budget-2012, Accurate Apartments, #999)

The file name must be: MSHDA #.xls. The file must be saved in an Office 2003 format. Office 2007 and 2010 users will have to select proper format when saving.

- b) Mail hard copies of all required documents listed in the “Budget Submission Requirements” section of the Budget Guide Policy.

Budget Information (cont.)

- Agent Budget Template: customized excel spreadsheet for each management agent. Customization includes:
 - Real Estate Tax Escrow amount;
 - Property & Liability Insurance amount;
 - Prior Year Budget;
 - Previous 12-Month Expenses (January-December 2010; and
 - Gross Rent Potential from the Rent Schedule except for Section 8 developments

Budget Information (cont.)

- Set Fees: These fees are published in the Budget Guide Policy. Per Unit Per Year (PUPY):
 - Management Fees for 2013: \$485 PUPY;
 - Premium Management Fees to be paid during 2013: \$74 PUPY; and
 - Audit Fees for 2013: \$11,560 for Section 236 and Section 8 developments.

Utility Allowance Calculation Process

- Utility Allowance Calculation Process

Listed below are the highlights:

- A 25% sampling is required for each unit type in the development, with a minimum of 5 units;
- Agent should request data from utility companies as early as possible;
- Development may not carry forward previous year's allowance unless 12 months of data is not available because of vacancies;
- MSHDA may request copies of resident bills;

Utility Allowance Calculation Process (cont.)

Refer to the Budget Guide Policy for instructions to enter utility allowance information.

The appropriate Owner Utility Certification and rent schedule will be displayed for each development.

Section 8 Developments:

- Utility allowances are effective on the development's HAP anniversary date;
- Utility allowance information is due 90 days prior to the development's HAP anniversary date;
- Copies of resident utility invoices used in the sampling must be submitted with the utility allowance information;
- All utility allowance information must be submitted to Andy Uzzle, Quality Assurance Analyst;
- See MSHDA's Utility Sampling and Rent Schedule Policy for detailed instructions.

Budget Submission Requirements

- Budget Package Requirements (hard copies):
 - Refer to the Budget Guide Policy for attachments that are required for each development type;
 - Certain budget line items must include detailed notes, including mathematical computations and supportive documents.
- MSHDA Budget Form: Descriptions are given for items to be recorded in each budget line item. The budget line items match the MIE line items.

Budget Information

- Management Agreements:
 - Management Agreements/Addenda are due no later than December 31, but should be submitted with budget package;
 - Budget must reflect correct fee amounts listed in the Management Agreement
 - Must be signed by the management agent and the owner;
- Staff assigned to the development, including employee names, position description, number of hours, hourly rate and total salary, will still be approved in the budget.

Budget Information

- Identity of Interest Disclosure:
 - New Identity of Interest Disclosures must be submitted with the budget package each year;
 - Identity of Interest Disclosure form is part of the Budget Template;
 - A disclosure must be submitted for each vendor and for any identity of interest management agent;
 - All identity of interest vendors must receive (re)approval in order to begin to contract or continue to contract for goods and/or services each year.

Monthly Income and Expenditure Process

Angie Witt

Monthly Income and Expenditure (MIE)

- MIE Purpose:
 - Provide essential financial information
 - Monitor development performance
 - Detect potential financial problems
 - Ensure compliance with state and federal regulations
- MIE Template changes in 2013:
 - Addition of line items
 - Addition of Adjustments Tab

Monthly Income and Expenditure (MIE)

- MIE Report Consists of:
 - MIE Tab;
 - Balance Sheet Tab;
 - Adjustments Tab;
 - Escrow Balances Tab;
 - Tabs 1-12: Monthly Aging of Accounts Receivables & Payables Information; and
 - Other financial documentation as requested

Email espinozal@michigan.gov or witta@michigan.gov with any MIE template issues

MIE Submission Info

- First MIE Due:
 - 20th of the month following the month any income or expenses occurred
 - For occupied rehabilitated developments - 20th of the month following the month in which initial closing occurred
- Monthly Due Dates:
 - 20th of the month following the reporting month
 - No exceptions to the due date
 - Internet/computer problems are not a reason for late submissions
 - Be sure to allow ample time to submit the MIE reports

MIE Submission Info (cont.)

- MIE Submissions:

- MIE's must be submitted electronically via email
- Email subject line MUST read:

MIE-Month Year, Development Name, MSHDA #
(ex: MIE-January 2011, Northstar Farms, #9999)

NOTE: You will receive one of two messages when you send your MIEs electronically:

- “Your electronic submission has been received by MSHDA. This message does not mean that your MIE is acceptable because it has not yet been reviewed for completeness or discrepancies. Problems will be brought to your attention by a return e-mail message. If there are no problems with your MIE, no further message will be transmitted”; or
- “Your MIE transmission is incorrect and is being returned for correction. The MIE will not be logged as received at MSHDA until it is corrected”.

Monthly Income and Expenditure (MIE)

- MIE Template:

- MIE template instructions can be found on page 4 of the MIE Guide Policy
- MIE template can be found on MSHDA's website
- Complete the MIE tab BEFORE completing other tabs
- Enter all amounts in WHOLE NUMBERS
- Validation Control Cell for the "Current Month Transmission" on the MIE tab must say "YES" before the MIE can be processed
- Certification portion of the MIE tab must be completed before the MIE can be processed

Monthly Income and Expenditure (MIE)

- MIE Instructions:

- The MIE Guide Policy is available on MSHDA's website
- Descriptions are given for items to be recorded in each of the MIE lines

Audits

Angie Witt

Audits

- Audit Purpose:
 - Assess the financial condition and operations of developments
- Audit Submission Requirements:
 - Excel Audit Template;
 - Financial Statements as an image document, i.e. PDF;
 - Owner Certification of Audit.

Audits Submission Requirements

- First Audit Due:
 - Initial audit due for the first year in which there is occupancy prior to July 1st
- Annual Due Date:
 - Annual audits must be submitted by the auditor within 120 days following the development's year-end
 - Submit audits as early as possible to allow time for questions/corrections

Audits

- New Developments That Receive Permanent MSHDA Financing:
 - Initial audit is due for the first year in which there is occupancy prior to July 1st
 - If occupancy occurred after July 1st, the partial year audit may be deferred & included in the following year's audit
 - If a development does not have a construction loan with MSHDA, an audit is not due until the permanent loan is closed
- Sale or Preservation:
 - Audit must cover the period from the sale closing through the year-end
 - If there is less than 60 days remaining until the end of the year, the completion of the audit may be deferred & included in the following year's audit

Audits (cont.)

- Developments Not Final Closed:
 - Schedule I is not required to be submitted in the audit unless the development has received a Small Size/Security loan
- MSHDA-Owned Developments:
 - Schedule II is not required in the audit submission if the development is owned by MSHDA
- Developments that Must Submit Both MSHDA & HUD Audits:
 - Section 8 developments that have done a preservation transaction financed by MSHDA and have signed an “Assignment of Housing Assistance Payments (HAP) Contract” document
 - MSHDA audit must comply with MSHDA audit submission requirements
 - MSHDA does not require a copy of HUD audit
 - HUD audit submission must meet HUD’s submission requirements

Audits (cont.)

- Rural Housing Developments (RD) without ARRA Funds:
 - RD properties are not required to submit a MSHDA audit
 - If an RD property has received MSHDA HOME funds, a copy of the RD audit and a Schedule I & II must be submitted to MSHDA
- Rural Housing Developments (RD) with ARRA Funds:
 - Required to submit both a MSHDA and RD audit

Audits (cont.)

- Required Financial Statement Documents:

The financial statements submitted to MSHDA must include the following documents:

- Audited Financial Statements;
 - Balance Sheet
 - Income Statement
 - Owners Equity
 - Cash flow Statement
 - Notes
- Schedule 1;
- Schedule 2;
- Report on Compliance and Internal Controls; and
- Agreed Upon Procedures

Audits (cont.)

- Selection of CPA:
 - Audits are prepared by an independent Certified Public Accountant selected by the owner
 - The auditor that prepares your year-end audit must be “independent”
 - The auditor that prepares your audit cannot prepare your MIE and/or make any management decisions regarding your MIE

Housing Locator

Paul Bursley

Michigan Housing Locator



MichiganHousingLocator.com

- Access and list Michigan rental properties for free
- View up-to-date listings daily. The most updated listings appear at the top of each search.
- View interactive maps of rental properties
- Attach and view applications and leases
- Post and view unlimited photos
- Save and print your favorite property listing
- Receive and track email leads
- Look for similar properties in the rent comparable search



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